SECOND REGULAR SESSION

HOUSE COMMITTEE SUBSTITUTE FOR

HOUSE BILL NO. 1305

96TH GENERAL ASSEMBLY

5149L.03C

6 7

9

10

11

12

16

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal section 386.890, RSMo, and to enact in lieu thereof three new sections relating to the net metering and easy connection act.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Section 386.890, RSMo, is repealed and three new sections enacted in lieu thereof, to be known as sections 8.860, 160.2150, and 386.890, to read as follows:

8.860. 1. As used in this section, the following words mean:

- 2 (1) "ASHRAE" or "American Society of Heating, Refrigerating, and Air Conditioning Engineers", an international technical society for all individuals and organizations interested in heating, ventilation, air conditioning, and refrigeration;
 - (2) "Building project", the design, construction, renovation, operation, and maintenance of any inhabited physical structure and its associated project building site;
 - (3) "Commercial interior fit-out", interior design and installation by owners or tenants of new or existing office space, typically exclusive of structural components and core and shell elements;
 - (4) "Energy Star", the most current national energy performance rating system created by the United States Environmental Protection Agency and the United States Department of Energy;
- 13 (5) "Energy Star rating", the rating achieved on the current Energy Star's current 14 rating system on the one to one hundred scale, which rating evaluates the energy 15 performance of a building;
 - (6) "GBI", Green Building Initiative;
- 17 (7) "Globes", the level of a building's sustainability and energy efficiency 18 performance as determined by GBI's Green Globes Rating System;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

- 19 (8) "Green Globes Rating System", the most current environmental building rating system established by the Green Building Initiative; 20
- 21 (9) "High-performance building", a building designed to achieve integrated 22 systems design, construction, and operation so as to significantly reduce or eliminate the 23 negative impact of the built environment and optimize positive attributes;
- 24 (10) "LEED", Leadership in Energy and Environmental Design as determined by 25 the current version of the USGBC's Green Building Rating System;
- 26 (11) "LEED Silver", the current Silver standard as set forth by the USGBC's 27 LEED Green Building Rating System;
 - (12) "Major facility project" or "major facility projects":
- 29 (a) A state-funded:

34

35

36

- 30 a. New construction building project in which the building's gross square footage 31 is greater than five thousand;
- 32 b. Renovation project involving more than fifty percent of the square footage or 33 occupancy displacement;
 - c. Commercial interior fit-out project that is larger than seven thousand square feet of leasable area; and
 - d. Project subject to regulation by the office of administration;
- 37 (b) Shall not include:
- 38 a. A building, regardless of size, that does not have conditioned space as defined by 39 **ASHRAE** standard 90.1;
- 40 b. A correctional facility constructed for the department of corrections or the 41 department of mental health;
- 42 (13) "Qualified existing facility", any existing building over ten thousand square 43 feet that is operated under the Missouri office of administration, but does not include:
- (a) A building, regardless of size, that does not have conditioned space as defined 45 by ASHRAE standard 90.1;
- (b) A correctional facility constructed for the department of corrections or the 46 47 department of mental health;
- (c) A building not meeting the Environmental Protection Agency Energy Star 48 49 benchmarking guidelines;
- 50 (14) "Renovation project", a building project involving the modification or 51 adaptive reuse of an existing facility;
- 52 (15) "Third-party commissioning agent", a person accredited by the USGBC or 53 GBI with expertise in building system performance who analyzes, evaluates, and confirms proper function and performance of a high-performance building, its systems, equipment,

HCS HB 1305 3

and indoor air quality and who did not participate in the original certification of the major
facility project or renovation project;

- (16) "USGBC", the United States Green Building Council.
- 2. All major facility projects in Missouri greater than five thousand square feet as provided in subparagraph a. of paragraph (a) of subdivision (12) of subsection 1 of this section shall be designed, constructed, and at least certified as receiving two Globes using the Green Globes Rating System or receiving the LEED Silver standard. All major facility projects in Missouri as defined under subparagraphs b. and c. of paragraph (a) of subdivision (12) of subsection 1 of this section shall be analyzed using:
- (1) A life cycle cost analysis comparing the cost and benefits of designing, constructing, maintaining, and operating the facility at the LEED Silver standard or two Globes standard, or better, with certification;
 - (2) Normal industry and regulatory standards, as applicable; or
- (3) Some standard between subdivisions (1) and (2) of this subsection that causes the project to be designed, constructed, and operated in a manner that achieves the lowest thirty-year life cycle cost.
- 3. In obtaining certification as receiving two Globes using the Green Globes Rating System, a major facility project shall earn at least twenty percent of the available points for energy performance under C.1.1 energy consumption. In obtaining certification as meeting the LEED Silver standard, a major facility project shall reduce energy use twenty-four percent for new buildings or twenty percent for existing buildings over ASHRAE standard 90.1-2007. The office of administration may waive the requirements of this subsection for a proposed major facility project if it determines that the cost of meeting the requirements under this subsection are not economically feasible.
- 4. The office of administration may petition the general assembly to require all major facility projects be certified to a high-performance building rating system standard in addition to or in lieu of the systems provided in this section. However, any alternate rating system adopted by the general assembly shall be no less stringent than the systems provided in this section.
- 5. All major facility projects that were certified at the LEED Silver or two Globe standard or higher shall be inspected by a third-party commissioning agent, at a minimum, in the fifth, tenth, and fifteenth year following certification. The third-party commissioning agent shall determine whether the building is operating at the standard to which it was originally designed and certified. The third-party commissioning agent shall report its findings to the office of administration and the respective state department or departments occupying the facility. The report shall include but not be limited to the

facility's savings on energy and water, the level of its indoor air quality, the existing system's function and performance, problems with the system, and whether the system's performance meets the facility's requirements. If the office of administration determines the building is not operating within the spirit of this section, the office of administration may take appropriate measures to bring the building into compliance.

- 6. The office of administration shall develop and implement a process to monitor and evaluate the energy and environmental benefits associated with each major facility project designed, constructed, and renovated under this section. The monitoring and evaluation of each major facility project shall commence one year after occupancy or use and shall continue for fifteen years thereafter. All data concerning energy, operational, and environmental benefits collected under this section shall be made available to the office of administration to be compiled and submitted to the general assembly under subsection 8 of this section. The recommendation of incorporation of the Energy Star rating system to fulfill the requirements of this subsection shall be made.
- 7. All qualified existing facilities in the state of Missouri shall meet the energy performance goals of the Energy Star program and shall try to earn minimum Energy Star rating of seventy within the following periods of time:
- (1) (a) First Energy Star rating of less than forty shall achieve a rating increase of thirty points or greater within five years;
- (b) First Energy Star rating of forty-one points to fifty points shall achieve an Energy Star rating to seventy points within four years;
- (c) First Energy Star rating of fifty-one points to sixty points shall achieve a rating increase to seventy points within three years;
- (d) First Energy Star rating of greater than sixty points shall achieve a rating increase to seventy points within two years; or
- (2) Achieve the highest possible rating within a ten-year payback period within five years of the first Energy Star rating.
- 8. The office of administration shall submit a report regarding major facility projects and Energy Star data of qualified existing building to the house committee on energy and environment and the senate committee on energy and environment that includes:
 - (1) The number and types of buildings designed and constructed;
- 123 (2) The level of certification of each building designed, constructed, or renovated;
 - (3) The average Energy Star rating per department;
- 125 (4) Actual savings in energy costs;

HCS HB 1305 5

- **(5)** A description of all potential environmental benefits, including but not limited to, water savings and the reduction of waste generation;
- **(6)** The ability of building to continue to operate at the standard to which it was 129 originally certified;
 - (7) In the event of a waiver by the office of administration to not pursue certification, reasons for the waiver;
 - (8) Any conflicts or barriers that hinder the effectiveness of this section.
 - 9. The office of administration shall promulgate rules to implement the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2012, shall be invalid and void.
 - 160.2150. 1. All public elementary and secondary school districts shall conduct energy audits and report the results of such audits to the office of administration. The results of the audit shall be shared with the local school board and be accessible to the public.
 - 2. (1) Each year twenty percent of public elementary and secondary school districts in this state shall have a professional audit performed until each public school district has been professionally audited. The office of administration, in consultation with the public school districts, shall determine which public schools are to perform a professional audit for that particular year. Public school districts may attempt to have an audit conducted free of charge based on contract negotiations under section 8.231 and, if no such audit is possible, may request funding from the energy audit fund in order to hold a professional audit. The office of administration may waive the professional audit requirements of this section if funding is unavailable from any source, and may also waive the professional audit requirement for buildings less than five years old or which have been audited within the last five years.
 - (2) Years in which such public schools do not have a professional audit the public schools shall conduct a self audit. Any public elementary or secondary school conducting a self audit may utilize the programs offered by Energy Star via its internet website. Each public school shall appoint a person to keep track of such data and submit annual results to the office of administration.

29

30

31

32

33 34

35 36

37

38

2

3

4

7

8

11

- 3. There is hereby created in the state treasury the "Energy Audit Fund", which 22 shall consist of money appropriated to it by the general assembly. The state treasurer shall be custodian of the fund and shall approve disbursements from the fund in accordance 24 with sections 30.170 and 30.180. Subject to appropriations, money in the fund shall be 25 used solely for the administration of this section. Notwithstanding the provisions of section 26 33.080 to the contrary, any moneys remaining in the fund at the end of the biennium shall 27 not revert to the credit of the general revenue fund. The state treasurer shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund.
 - 4. Under section 23.253 of the Missouri sunset act:
 - (1) The provisions of the new program authorized under this section shall automatically sunset six years after the effective date of this section unless reauthorized by an act of the general assembly; and
 - (2) If such program is reauthorized, the program authorized under this section shall automatically sunset twelve years after the effective date of the reauthorization of this section; and
 - (3) This section shall terminate on September first of the calendar year immediately following the calendar year in which the program authorized under this section is sunset.

386.890. 1. This section shall be known and may be cited as the "Net Metering and Easy Connection Act".

- 2. As used in this section, the following terms shall mean:
- (1) "Avoided fuel cost", the current average cost of fuel for the entity generating electricity, as defined by the governing body with jurisdiction over any municipal electric utility, rural electric cooperative as provided in chapter 394, or electrical corporation as provided in this chapter;
 - (2) "Commission", the public service commission of the state of Missouri;
- 9 (3) "Customer-generator", the owner or operator of a qualified electric energy generation unit which: 10
 - (a) Is powered by a renewable energy resource;
- (b) Has an electrical generating system with a capacity of not more than [one] two 12 13 hundred fifty kilowatts;
- 14 (c) Is located on a premises owned, operated, leased, or otherwise controlled by the 15 customer-generator;
- 16 (d) Is interconnected and operates in parallel phase and synchronization with a retail electric supplier and has been approved by said retail electric supplier; 17

- 18 (e) Is intended [primarily to offset part or all] **not to exceed one hundred percent** of 19 the customer-generator's own electrical energy requirements;
 - (f) Meets all applicable safety, performance, interconnection, and reliability standards established by the National Electrical Code, the National Electrical Safety Code, the Institute of Electrical and Electronics Engineers, Underwriters Laboratories, the Federal Energy Regulatory Commission, and any local governing authorities; and
 - (g) Contains a mechanism that automatically disables the unit and interrupts the flow of electricity back onto the supplier's electricity lines in the event that service to the customer-generator is interrupted;
 - (4) "Department", the department of natural resources;
 - (5) "Net metering", using metering equipment sufficient to measure the difference between the electrical energy supplied to a customer-generator by a retail electric supplier and the electrical energy supplied by the customer-generator to the retail electric supplier over the applicable billing period;
 - (6) "Renewable energy resources", electrical energy produced from wind, solar thermal sources, hydroelectric sources, photovoltaic cells and panels, fuel cells using hydrogen produced by one of the above-named electrical energy sources, and other sources of energy that become available after August 28, 2007, and are certified as renewable by the department;
 - (7) "Retail electric supplier" or "supplier", any municipal utility, electrical corporation regulated under this chapter, or rural electric cooperative under chapter 394 that provides retail electric service in this state.
 - 3. A retail electric supplier shall:
 - (1) Make net metering available to customer-generators on a first-come, first-served basis until the total rated generating capacity of net metering systems equals five percent of the utility's single-hour peak load during the previous year, after which the commission for a public utility or the governing body for other electric utilities may increase the total rated generating capacity of net metering systems to an amount above five percent. However, in a given calendar year, no retail electric supplier shall be required to approve any application for interconnection if the total rated generating capacity of all applications for interconnection already approved to date by said supplier in said calendar year equals or exceeds one percent of said supplier's single-hour peak load for the previous calendar year;
 - (2) Offer to the customer-generator a tariff or contract that is identical in electrical energy rates, rate structure, and monthly charges to the contract or tariff that the customer would be assigned if the customer were not an eligible customer-generator but shall not charge the customer-generator any additional standby, capacity, interconnection, or other fee or charge that would not otherwise be charged if the customer were not an eligible customer-generator; and

(3) Disclose annually the availability of the net metering program to each of its customers with the method and manner of disclosure being at the discretion of the supplier.

- 4. A customer-generator's facility shall be equipped with sufficient metering equipment that can measure the net amount of electrical energy produced or consumed by the customer-generator. If the customer-generator's existing meter equipment does not meet these requirements or if it is necessary for the electric supplier to install additional distribution equipment to accommodate the customer-generator's facility, the customer-generator shall reimburse the retail electric supplier for the costs to purchase and install the necessary additional equipment. At the request of the customer-generator, such costs may be initially paid for by the retail electric supplier, and any amount up to the total costs and a reasonable interest charge may be recovered from the customer-generator over the course of up to twelve billing cycles. Any subsequent meter testing, maintenance or meter equipment change necessitated by the customer-generator shall be paid for by the customer-generator.
- 5. Consistent with the provisions in this section, the net electrical energy measurement shall be calculated in the following manner:
- (1) For a customer-generator, a retail electric supplier shall measure the net electrical energy produced or consumed during the billing period in accordance with normal metering practices for customers in the same rate class, either by employing a single, bidirectional meter that measures the amount of electrical energy produced and consumed, or by employing multiple meters that separately measure the customer-generator's consumption and production of electricity;
- (2) If the electricity supplied by the supplier exceeds the electricity generated by the customer-generator during a billing period, the customer-generator shall be billed for the net electricity supplied by the supplier in accordance with normal practices for customers in the same rate class;
- (3) If the electricity generated by the customer-generator exceeds the electricity supplied by the supplier during a billing period, the customer-generator shall be billed for the appropriate customer charges for that billing period in accordance with subsection 3 of this section and [shall be credited an amount at least equal to the avoided fuel cost of the] all such excess energy, expressed in kilowatt-hours generated during the billing period[, with this credit applied] shall be credited to the following billing period with any excess credits carried forward to subsequent billing periods;
- (4) Any credits granted by this subsection shall expire without any compensation [at the earlier of either twelve months after their issuance or when the customer-generator disconnects service or terminates the net metering relationship with the supplier] at the end of the first quarter of each following calendar year;

(5) For any rural electric cooperative under chapter 394, or municipal utility, upon agreement of the wholesale generator supplying electric energy to the retail electric supplier, at the option of the retail electric supplier, the credit to the customer-generator may be provided by the wholesale generator.

- 6. (1) Each qualified electric energy generation unit used by a customer-generator shall meet all applicable safety, performance, interconnection, and reliability standards established by any local code authorities, the National Electrical Code, the National Electrical Safety Code, the Institute of Electrical and Electronics Engineers, and Underwriters Laboratories for distributed generation. No supplier shall impose any fee, charge, or other requirement not specifically authorized by this section or the rules promulgated under subsection 9 of this section unless the fee, charge, or other requirement would apply to similarly situated customers who are not customer-generators, except that a retail electric supplier may require that a customer-generator's system contain a switch, circuit breaker, fuse, or other easily accessible device or feature located in immediate proximity to the customer-generator's metering equipment that would allow a utility worker the ability to manually and instantly disconnect the unit from the utility's electric distribution system;
- (2) For systems of ten kilowatts or less, a customer-generator whose system meets the standards and rules under subdivision (1) of this subsection shall not be required to install additional controls, perform or pay for additional tests or distribution equipment, or purchase additional liability insurance beyond what is required under subdivision (1) of this subsection and subsection 4 of this section;
- (3) For customer-generator systems of greater than ten kilowatts, the commission for public utilities and the governing body for other utilities shall, by rule or equivalent formal action by each respective governing body:
 - (a) Set forth safety, performance, and reliability standards and requirements; and
- (b) Establish the qualifications for exemption from a requirement to install additional controls, perform or pay for additional tests or distribution equipment, or purchase additional liability insurance.
- 7. (1) Applications by a customer-generator for interconnection of a qualified electric energy generation unit meeting the requirements of subdivision (3) of subsection 2 of this section to the distribution system shall be accompanied by the plan for the customer-generator's electrical generating system, including but not limited to a wiring diagram and specifications for the generating unit, and shall be reviewed and responded to by the retail electric supplier within thirty days of receipt for systems ten kilowatts or less and within ninety days of receipt for all other systems. Prior to the interconnection of the qualified generation unit to the supplier's system, the customer-generator will furnish the retail electric supplier a certification from a

HCS HB 1305 10

qualified professional electrician or engineer that the installation meets the requirements of subdivision (1) of subsection 6 of this section. If the application for interconnection is approved by the retail electric supplier and the customer-generator does not complete the interconnection within one year after receipt of notice of the approval, the approval shall expire and the customer-generator shall be responsible for filing a new application.

- (2) Upon the change in ownership of a qualified electric energy generation unit, the new customer-generator shall be responsible for filing a new application under subdivision (1) of this subsection.
- 8. Each commission-regulated supplier shall submit an annual net metering report to the commission, and all other nonregulated suppliers shall submit the same report to their respective governing body and make said report available to a consumer of the supplier upon request, including the following information for the previous calendar year:
 - (1) The total number of customer-generator facilities;
 - (2) The total estimated generating capacity of its net-metered customer-generators; and
 - (3) The total estimated net kilowatt-hours received from customer-generators.
- 9. The commission shall, within nine months of January 1, 2008, promulgate initial rules necessary for the administration of this section for public utilities, which shall include regulations ensuring that simple contracts will be used for interconnection and net metering. For systems of ten kilowatts or less, the application process shall use an all-in-one document that includes a simple interconnection request, simple procedures, and a brief set of terms and conditions. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly under chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2007, shall be invalid and void.
- 10. The governing body of a rural electric cooperative or municipal utility shall, within nine months of January 1, 2008, adopt policies establishing a simple contract to be used for interconnection and net metering. For systems of ten kilowatts or less, the application process shall use an all-in-one document that includes a simple interconnection request, simple procedures, and a brief set of terms and conditions.
- 11. For any cause of action relating to any damages to property or person caused by the generation unit of a customer-generator or the interconnection thereof, the retail electric supplier shall have no liability absent clear and convincing evidence of fault on the part of the supplier.

HCS HB 1305

12. The estimated generating capacity of all net metering systems operating under the provisions of this section shall count towards the respective retail electric supplier's accomplishment of any renewable energy portfolio target or mandate adopted by the Missouri general assembly.

- 13. The sale of qualified electric generation units to any customer-generator shall be subject to the provisions of sections 407.700 to 407.720. The attorney general shall have the authority to promulgate in accordance with the provisions of chapter 536 rules regarding mandatory disclosures of information by sellers of qualified electric generation units.
- Any interested person who believes that the seller of any electric generation unit is misrepresenting the safety or performance standards of any such systems, or who believes that any electric generation unit poses a danger to any property or person, may report the same to the attorney general, who shall be authorized to investigate such claims and take any necessary and appropriate actions.
- 14. Any costs incurred under this [act] section by a retail electric supplier shall be recoverable in that utility's rate structure. An electric utility outside or in a general rate proceeding may file an application and rate schedules with the commission that shall allow for the adjustments of its rates and charges to provide for such cost recovery. During a subsequent general rate proceeding, the commission shall review the accuracy and the prudence of such costs. In the event the commission disallows, based on their review, recovery of any or all of the recovery cots, the commission shall order the retail electric supplier to offset such disallowed amount from its rate structure.
- 15. No consumer shall connect or operate an electric generation unit in parallel phase and synchronization with any retail electric supplier without written approval by said supplier that all of the requirements under subdivision (1) of subsection 7 of this section have been met. For a consumer who violates this provision, a supplier may immediately and without notice disconnect the electric facilities of said consumer and terminate said consumer's electric service.
- 16. The manufacturer of any electric generation unit used by a customer-generator may be held liable for any damages to property or person caused by a defect in the electric generation unit of a customer-generator.
- 17. The seller, installer, or manufacturer of any electric generation unit who knowingly misrepresents the safety aspects of an electric generation unit may be held liable for any damages to property or person caused by the electric generation unit of a customer-generator.

./